

**National Rural Health Association
Critical Access Hospital Conference
Thursday, October 5, 2006**

**Thomas C. Dorr
Under Secretary for Rural Development
Luncheon Remarks:
“Regional Innovation in Rural Economic Development”**

Thank you, Bill, for that very generous introduction. It is a distinct pleasure to be here.

I’d like to introduce Chris Alsop and Shirley Stevenson from USDA Rural Development, who have been out here for the entire conference. Chris and Shirley, would you stand so people can see you.

Chris runs our Community Facilities Program and Shirley is our hospital specialist. They, along with your State Rural Development staff, are the people you probably deal with most often.

They have the challenge, as all of us do, of trying to allocate limited resources as fairly and efficiently as possible. That’s a hard job.

I know there’s a tug of war between HHS and us on one side, and hospitals on the other, on funding issues. I know it’s a tough issue. I am

a rural Iowa farmer and I know what quality health care means for your communities.

We push hard for loan guarantees because that allows us to serve more hospitals. Hospitals push just as hard for direct loans because the terms are more favorable. That tension is never going to go away.

Chris and Shirley are in the middle, so don't give them too hard a time. They do a great job. Thank you, Chris and Shirley.

[PAUSE]

First and foremost, I want to thank all of YOU for what you do, each and every day, to improve the quality of life in rural communities. We are proud to be your partners. I know how important your job is.

My hometown is Marcus, Iowa, a metropolis of 1,100 people in the northwest corner of the state. Cherokee County has 13,000 people. The big city is Cherokee, with 5,300. Cherokee has the hospital. There may be someone from Cherokee here. Marcus doesn't even have a stoplight, so we're not in the big leagues like Cherokee.

Now, don't misunderstand me. I would not trade the quality of life in rural America for anything. I took a temporary job in Washington, D.C. a few years back, so I've gotten a taste of how the urban 70% lives. I have to confess that I don't see the attraction of two hour commutes, noise, crime, congestion, and home prices at least triple what you would pay for a comparable place in northwest Iowa.

But throughout my lifetime and yours, there are three big factors that have drawn people inexorably into the cities, despite the negatives.

Those are:

- **Jobs,**
- **Opportunities for upward mobility,**
- **And critical services, with education and health care at the top of the list.**

What is so exciting today – from the standpoint of rural development – is that we now have, for the first time in history, the opportunity to level the playing field in all of these areas.

We are, in fact, on the threshold of a new era of opportunity for rural America. I've been asked to speak today on "Regional Innovation in Rural Economic Development." "Regional Innovation" is an understatement. The changes are fundamental, and they are global.

You already see this in health care. Small rural hospitals no longer have to be self-sufficient. They can be networked. They can be specialized, high quality providers of critical access and ambulatory care ... connected to cutting-edge resources via the internet ... and capable of rapid evacuation when necessary to regional medical centers.

That's the model of the Critical Access Hospital. It is, in microcosm, very much a model of what is happening across the spectrum.

Modern technology is eroding the old rural barriers of time and distance. As that happens, our horizons expand. Our perceptions shift. Our options increase.

Inexorably, whether we intend it or not, we are now being drawn – not into the cities – but into regional, national, and global networks.

A century ago -- even a generation ago -- to access those networks one had to pack up and move to town. Today, I can access them from my cellphone or Blackberry, or a PC. Connectivity changes everything. For rural America, it means a new era of incredible opportunity.

These opportunities, of course, vary from place to place. Every community is unique. Rural America includes places that have been in long term decline. Some have been losing population for decades.

But it also includes many of the fastest growing counties in the country. And everything in between. So when you look at rural America as a whole, several things stand out.

The first I've already mentioned. The quality of life is unmatched. Open spaces ... clean air and water ... walkable small towns where you know your neighbors ... a lower cost of living ... these things are tangible competitive advantages. Ask any real estate agent.

The second I've also mentioned. Connectivity allows rural communities to offer opportunities and services that, not very long ago, you had to go to the city to find.

- **I can live in Marcus, shop online or phone in a catalogue order, and get my book from Amazon the next day. My 85 year old mother does this. I don't have to drive to Sioux City anymore, let alone Omaha, Minneapolis, or Kansas City. The big city comes to me, over broadband or in a FedEx truck.**
- **Rural used to mean isolated. Today rural families shop at a regional mall and are as addicted to the internet as anyone else.**
- **Rural also used to mean limited options for your children. But today, rural schools, on average, are probably better than their urban counterparts – and they are enriched by distance learning options that further reduce the rural-urban gap.**

The list goes on and on, but the bottom line is that rural communities that can offer good schools, quality health care, broadband, and reasonable access to a paved road are GREAT places to live ...

... PROVIDED that you can find a job. That brings me to the third new factor: the economic opportunities that are remaking rural America today.

I'm going to be back in St. Louis next week for a major conference hosted by USDA and the Department of Energy entitled: "Advancing Renewable Energy: An American Rural Renaissance."

Incidentally, if any of you have an interest in the subject of renewable energy and are ready to come back to St. Louis that soon, please join us. It will be a great conference.

That title, "Rural Renaissance," is not too strong a phrase. Thanks to broadband, we are witnessing the greatest decentralization of information since the invention of the printing press:

- It allows centralized structures to be replaced by distributed networks. Businesses are mobile. People are mobile. Jobs are mobile. Telecommuting is almost – ALMOST – mainstream.**

- **Large organizations no longer need everyone in the same building so people can meet face to face or move paper from desk to desk.**
- **Factories, warehouses, and transportation networks can be optimized for economic efficiency. Very often, that turns out to mean that they will be decentralized and networked.**

You can move smaller plants closer to customers, hedge against local disruptions, and take advantage of local situations. You don't have to dump all your eggs into one basket simply so your managers can retain control.

Bottom line, when my grandfather started farming, living in rural America meant farming, and farming meant plowing behind a horse or a mule.

You went to bed when the sun went down because the electric grid stopped a mile out of town. You simply did without a lot of things your city cousins took for granted. And not surprising, by the millions, people left the farm the moment they got the chance.

Today farming is mechanized and high-tech. Most rural residents don't farm at all. 96% of rural income is earned off the farm in an increasingly diversified rural economy. And not surprisingly, by the millions, city folks would love the opportunity to go back. We're making that possible.

As the rural economy continues to diversify -- and as highly flexible regional, national, and even global networks become the norm -- the model of development changes in ways that are a real challenge for governments. But that challenge must be met.

We are realigning our programs accordingly.

We are, frankly, an agency making a transition. Not so long ago, USDA Rural Development and its predecessor agencies were viewed as lenders of last resort. Today we are focused on emerging opportunities and leveraging private investment in sustainable, market-driven projects.

Our mission is to increase economic opportunity and improve the quality of life in rural communities. We have a current portfolio of over \$93 billion invested in rural businesses, housing, infrastructure, and community facilities.

In 2006 alone, we have invested over \$241 million in rural health care.

That's not just Critical Access Hospitals; it includes nursing homes, telemedicine, assisted living facilities, outpatient services and much else as well as hospitals. You are a critically important part of a regional rural development strategy.

Broadband is another priority. For all the reasons I've mentioned, broadband levels the playing field for rural communities. We are committed to universal access to affordable broadband. We're not there yet – but we'll get there.

And we are investing aggressively in renewable energy, which is the greatest new economic opportunity presented to rural America in our lifetimes. Americans this year will spend more on imported oil than on every ear of corn, pound of beef and gallon of milk ... every egg, tomato, and peanut ... every bale of cotton and bushel of wheat grown in the United States.

Replacing even ONE billion barrels of oil imports – about 20% of the total – with biofuels would be a new market exceeding current net farm

income. If we can capture that market, we will have unleashed a force that will transform rural America for decades to come.

In conclusion, I am – as I’m sure you’ve figured out by now – an unabashed optimist about the future of rural America. Certainly there are challenges.

But the opportunities are even greater. We are proud to be your partners, and we look forward to working with you to make that bright future a reality. Thank you.